

Message Text

CONFIDENTIAL

PAGE 01 LIMA 05425 281843Z

51 40

ACTION EB-11

INFO OCT-01 ARA-16 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 L-03

H-03 DODE-00 INT-08 RSR-01 SSO-00 INRE-00 USIE-00

NSCE-00 /140 W

----- 082942

O 281630Z JUL 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 6496

C O N F I D E N T I A L LIMA 5425

C O R R E C T E D C O P Y (MRN - 5425 VICE 6496)

EO 11652: GDS

TAGS: BDIS, EIND, PE

SUBJECT: CERRO'S BLOCKED FUNDS

1. IN LAST MINUTE EFFORT TO FIND OUT WHAT WAS HOLDING UP APPROVAL OF REQUIRED REMITTANCES I SPOKE TO FONMIN LATE FRIDAY, REFERRING TO MY LETTER TO FINMIN MORALES BERMUDEZ COPY OF WHICH I HAD GIVEN HIM LAST WEEK. HE ASKED SECGEN TO CONTACT VICE FINMIN BROUSSET. GARCIA BEDOYA HAD LONG PHONE CONVERSATION WITH BROUSETT IN MY PRESENCE. APPARENTLY MIN ENERGY AND MINES FERNANDEZ MALDONADO HAS INSISTED ON HOLDING UP 1973 DEPRECIATION WITH IDEA OF APPLYING NEW AND APPRENTLY UNORTHODOX CRITERIA TO INVESTMENT BASE FIGURES. GARCIA BEDOYA OBVIOUSLY NOT CLEAR ON SUBSTANCE IN THAT HE SAID IT HAD SOMETHING TO DO WITH CERRO INCLUDING IN ITS NET WORTH THE VALUE OF MINERALS IN THE GROUND. I TRIED TO EXPLAIN THAT THIS ITEM HAD SOME VALIDITY IN CONSIDERING THE VALUATION OF THE COMPANY FOR THE PURPOSE OF THE PROPOSED BUY OUT, BUT COULD NOT HAVE ANYTHING TO DO WITH VALUING OF FIXED ASSETS FOR DEPRECIATION PURPOSES.

2. IT REMAINS UNCLEAR TO ME WHAT THE BASIS FOR THIS DELAY ACTUALLY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LIMA 05425 281843Z

IS. SUFFICE IT TO SAY THAT THERE APPEARS TO BE NO CHANCE

OF A RELEASE OF FUNDS WHICH WOULD PERMIT CERRO TO CONTINUE WITH
CONSOLIDATED BALANCE SHEET AND AVOID NEED TO PUBLISH FACT OF
"BLOCKED FUNDS" IN PERU.

3. GARCIA BEDOYA TOLD BROUSSET HE SHOULD EXPLAIN TO CERRO MANAGEMENT
REASONS FOR DELAY, CLEARLY IMPLYING THIS SHOULD HAVE BEEN DONE
BEFORE NOW RATHER THAN REMAINING INCOMMUNICADO FOR PAST FOR DAYS
(A FACT WHICH I HAD REPORTED TO HIM).

4. FOREGOING HAS BEEN TOLD TO CERRO VICE PRES LLOSA AND LAWYER ALAYZA
WHO ARE BOTH OUTRAGED BY GOP FAILURE TO LET THEM KNOW WHAT PROBLEM
WAS
IN TIME TO TRY TO AVOID PRESENT IMPASSE. LLOSA WILL CALL WALSH
SATURDAY. BROUSSET WILL CALL ME ON MONDAY, ALSO AT REQUEST GARCIA
BEDOYA.
BELCHER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 28 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LIMA05425
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS BELCHER
Errors: N/A
Film Number: n/a
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973076/aaaaadvf.tel
Line Count: 77
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 23 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Jan-2002 by martinjw>; APPROVED <05 MAR 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CERRO'S BLOCKED FUNDS
TAGS: BDIS, EIND, PE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005